

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 L-03 AID-20 CIAE-00 INR-10

NSAE-00 RSC-01 OMB-01 TRSE-00 XMB-07 DOTE-00 IO-14

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P 261530Z NOV 73

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC PRIORITY 5037

USDOC WASHDC PRIORITY

INFO AMEMBASSY ABIDJAN PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY YAOUNDE PRIORITY

USMISSION EC BRUSSELS PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 LIBREVILLE 1049

E.O. 11652: N/A

TAGS: BEXP, GB

SUBJ: TRANSGABON RAILROAD - NOV 20-21 MEETING

DEPARTMENT PASS EXIM

COMMERCE FOR STEPHEN CONGER

REF: (A) LIBREVILLE 1036 (NOTAL); (B) LIBREVILLE 1029 (NOTAL);
(C) PARIS 30024; (D) SATE 229976 (NOTAL); (E) USMISSION EC
BRUSSELS 6712; (F) LIBREVILLE 1037 (NOTAL); (G) LIBREVILLE 1048
(NOTAL)

1. SUMMARY: SUBJECT MEETING TOOK PLACE LIBREVILLE
NOV 20-21 UNDER CHAIRMANSHIP OCTRA DIRECTOR VIOR. BOTH
U.S. FIRMS SEEKING PREQUALIFICATION CONSTRUCTION OWENDO-
BOOUE LEG (LOT 3) MADE IT (ONE PENDING SUBMISSION SATIS-
FACTORY ADDITIONAL DATA). NO OBJECTIONS RAISED TO
SPECIFICATIONS FOR BID REQUESTS FOR TEN LOTS OF FIRST
LEG. TOTAL FINANCING AVAILABLE FIRST LEG (INCLUDING
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ROADS AND TIMBER PORT) STATED 45 BILLION CFA, SOME

TENTATIVE OR CONDITIONAL. OCTRA PROPOSED JANUARY 31, 1974 AS CUT-OFF DATE FOR ANY NEW AID PROPOSALS FROM ADDITIONAL COUNTRIES FOR FIRST LEG. IN SEPARATE MEETING WITH OCTRA, USDEL RECOMMENDED OCTRA OBTAIN SERVICES CONSULTING ENGINEER AND EXPLAINED EXIM FINANCING CRITERIA. END SUMMARY.

2. PRESENT AT MEETING WERE, IN ADDITION TO OCTRA OFFICIALS, REPRESENTATIVES FROM FED, FRANCE (FAC), CANADA, ITALY, GERMANY, U.S. AND SOUTH AFRICA.

3. PREQUALIFICATION: NUMBER OF APPLICANTS FOR PREQUALIFICATION FOR OT 3 (FIRST LEG) WERE DISQUALIFIED DURING MEETING BY OCTRA ON BASIS OF INFO SUBMITTED BY FIRMS WHICH WAS CONSIDERED INADEQUATE. AMONG THESE WAS NELLO TEER. LENGTHY DISCUSSION FOLLOWED RE NELLO TEER AND TWO LARGE ITALIAN FIRMS. OCTRA FINALLY DECIDED TO ALLOW NELLO TEER, TWO ITALIAN FIRMS AND ONE OTHER REJECTED FIRM UNTIL DECEMBER 20 TO SUBMIT ADDITIONAL DATA BASED ON WHICH FINAL DECISION WOULD BE MADE CONCERNING THESE FIRMS (REFS B, D, F AND G REFER TO DATA REQUESTED OF NELLO TEER). MORRISON KNUDSEN MADE IT WITH OCTRA KUDOS RE MORRISON-KNUDSEN DOSSIER.

4. DISCUSSION OF SPECS: RE SECOND SUBJECT OF MEETING, NAMELY DETAILED DISCUSSION OF REQUESTS FOR BIDS FOR ALL TEN OTS (COMPRISING VOLUMINOUS DOSSIER SENT WASHINGTON) NO COMMENTS OF SIGNIFICANCE WERE MADE. BERGIER (AID), WHO CAME FROM ABIDJAN, HAD NOT SEEN DOSSIER, BUT WAS ABLE TO REVIEW DOCUMENTS RAPIDLY DURING FEW HOURS SPENT AT OCTRA OFFICE AFTERNOON PRECEDING MEETING. AT MEETING FED INDICATED DESIRE USE FED TEXTS WITHOUT SPECIFYING DIFFERENCES. THERE WAS SOMEWHAT SURPRISINGLY NO OBJECTION BY ANY OTHER PARTICIPANTS.

5. FINANCING FOR FIRST LEG: EVIDENTLY PRODDERED BY HIS RECENT TALKS IN BRUSSELS (REF E) VION TRIED HARD TO OBTAIN SPECIFIC COMMITMENTS FROM DONORS PRESENT. TOTAL OF 45.1 BILLION CFA CITED BY VION BROKEN DOWN AS FOLLOWS: FAC - 7.0 (HALF GRANT, HALF OFACE), ITALY - 2.7 (LOANS), GERMANY - 2.0 LIMITED OFFICIAL USE

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(LOANS FOR ROADS ONLY), FED - 2.1, ADB - 1.5 (LOAN FOR COMMUNICATION EQUIPMENT OR ROADS), SOUTH AFRICA - 4.0 (TIED TO USE OF ROBERTS CO. FOR PART OR ALL OF LOT 3), CANADA - 3.4 (LOAN SIMILAR TO EXIM), ZAIRE - 1.6 (LOAN FOR PURCHASE OF TIES ONLY), GABON - 15.1 (FROM RAILROAD FUND FOR LOCAL COSTS), EXIM - 4.5, AID - 1.2 (CONCESSIONAL LOANS FOR ROADS ONLY). USDEL STRESSED EXIM WILLINGNESS TO CONSIDER LARGER AMOUNT SUBJECT TO USUAL CONDITIONS. EVEN

THOUGH SOME OF ABOVE NOT YET 100 PERCENT NAILED DOWN. FED FEARS THAT OVERALL FINANCING MIGHT NOT BE ADEQUATE (43* 3) WOULD APPEAR UNDULY ALARMIST.

6. POTENTIAL NEW DONORS: FAC REPRESENTATIVE STATED HE HAD INSTRUCTIONS TO LIMIT BIDDING TO DONORS WHO HAD DECLARED BY OCTOBER 31 IN ACCORDANCE PREVIOUS TEXTS ON SUBJECT. USDEL SUPPORTED THIS POSITION. VION STATED THAT HE WOULD RECORD THESE POSITIONS IN MINUTES OF MEETING. BUT AS NEGOTIATIONS CURRENTLY UNDERWAY WITH SPAIN AND BRAZIL, HE NOT AUTHORIZED BY GOG TO FORECLOSE THIS OPTION. HE PROPOSED DELAY UNTIL JANUARY 31 FOR NEW DONORS TO COME FORTH. (FAC REP PRIVATELY TOLD USDEL IT HARDLY REALISTIC TO EXPECT TO FORECLOSE BONGO'S OPTIONS INASMUCH AS ENTIRE DECISIONS REACHED AT NOVEMBER 20 MEETING SUBJECT TO GOG REVIEW.)

. IN SEPARATE MEETING BETWEEN VION (OCTRA) AND USDEL NOV 22 TWO SUBJECTS DISCUSSED AT LENGTH. FIRST WAS MODALITIES OF EXIM FINANCING. USDEL MADE CLEAR THAT EXIM LOAN TO GOG COULD NOT BE USED BY THIRD COUNTRY CONTRACTOR TO PURCHASE CONSTRUCTION EQUIPMENT FOR ITSELF, BUT THAT GOG COULD PURCHASE EQUIPMENT AND GIVE IT TO CONTRACTOR OR CONTRACTOR COULD FINANCE SUCH EQUIPMENT IN SEPARATE TRANSACTION INVOLVING U.S. EXPORTER, WHEREIN LATTER NEGOTIATED LOAN DIRECTLY WITH EXIM. USDEL STRESSED IMPORTANCE FOR GOG TO REQUEST PRELIMINARY COMMITMENT (PC) SOONEST, EVEN IF ONLY ESTIMATES OF CERTAIN DATA CURRENTLY AVAILABLE. VION AGREED TO DO SO.

8. SECOND SUBJECT TAKEN UP BY USDEL WITH VION WAS QUESTION OF NEED TO HIRE SUPERVISORY ENGINEER AS SOON AS POSSIBLE. VION ARGUED THAT ENLARGED OCTRA (FROM LIMITED OFFICIAL USE

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CURRENT 11 EMPLOYEES TO 60) COULD DO JOB AS WELL AND MUCH CHEAPER. ALSO THAT THERE MIGHT BE CONFLICT BETWEEN OCTRA, ENGINEERING FIRM AND CONTRACTORS. LATTER ARGUMENT WAS REFUTED BY EXPLAINING THAT ENGINEERING FIRM WOULD ACT AS AGENT FOR GOG (OCTRA). IN SEPARATE CORRIDOR CONVERSATIONS FAC AND GERMAN REPS STATED THEIR GOVERNMENTS WOULD INSIST ON INDEPENDENT ENGINEERING FIRM. FED REP ON OTHER HAND, WHILE NOT REJECTING INDEPENDENT ENGINEERING FIRM SOLUTION, TOLD AMBASSADOR FED FAVORED THIRD FORMULA WHEREBY FED WOULD SUPPLY EXPERTISE NEEDED WHICH WOULD ASSIST OCTRA IN LIE OF INDEPENDENT ENGINEERING FIRMS. (NOT CLEAR WHETHER FED BRUSSELS WEDDED TO THIS IDEA WHICH SEEMS MUCH LESS DESIRABLE THAN INDEPENDENT FIRM.

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INFO OCT-01 AF-10 EUR-25 ISO-00 L-03 AID-20 CIAE-00 INR-10

NSAE-00 RSC-01 OMB-01 TRSE-00 IO-14 IGA-02 XMB-07

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FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC PRIORITY 5038

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AMEMBASSY PARIS PRIORITY

AMEMBASSY YAOUNDE PRIORITY

USMISSION EC BRUSSELS PRIORITY

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DEPARTMENT PASS EXIMB

COMMERCE FOR STEPHEN CONGER

ACCORDING TT BERGIER, SIMILAR ARRANGEMENT WITH WORLD
BANK EXPERTS IN ZAIRE HAS NOT BEEN SUCCESSFUL.)

9. FUTURE CALENDAR OF EVENTS: OCTRA ANNOUNCED GOG HAS
NO PLANS FOR FURTHER MEETINGS O DONERS UNTIL BIDS
RECEIVED FOR VARIOUS LOTS END OF APRIL OR EARLY MAY 1974.
IT WOULD SEEM CLEAR, HOWEVER, THAT EARLY MEETING OF GOG
AND DONORS NEEDED TO RESOLVE (1) NEED FOR OUTSIDE ENGINEERING
FIRM (OR GROUP OF FIRMS), (2) DEADLINE FOR ACCEPTANCE
ADDITIONAL POTENTIAL DONORS, (3) SORTING OUT
FINANCING. SEEMS CLEA FROM WHAT FAC REP IN LIBREVILLE TOLD
US AND FROM PENULTIMATE SENTENCE PARA 4 REF C THAT FRENCH
ALSO SEE NEED FOR EARLY MEETING.

10. ACTION REQUESTED: WOULD SUGGEST, WITH DEPARTMENT'S CONCUR-
RENCE, THAT AMEMBASSY PARIS AND USMISSION TO EC BRUSSELS SOUND
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OUT FAC AND FED IN THIS REGARD, AN THAT DEMARCHE BE MADE AT EARLY
DATE TO GONGO TO CONVENE SUCH MEEING. POINT (1) PARA 9 PARTICULARLY
URGENT IF IT IS TO PERFORM USEFUL ROLE AS IT
COULD REVIEW REQUESTS FOR BIDS PREPARED BY FED.

11. FYI. U.S. FIRM TAMS (TIPPETS ABBETT-MC CARTHY-STRATTON)
REPRESENTATIVE GLYNN WHO HAS BEEN HERE LAST FEW DAYS SAYS
THA HIS COMPANY HAS ALREADY WORKED OUT TENTATIVE DEAL WITH
TWO FRENCH COMPANIES--SOFRERAIL AND SCOM--TO PERFORM
ENGINEERING SERVICES. FAC REP LIBREVILLE STATED
PRIVATELY THAT BONGO HAS ALREADY ACQUIESCED TO IDEA OF
PRIVATE ENGINEERING FIRM TO SUPERVISE WORK. END FYI.
MCKESSON

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